APPLICATION OF

COLUMBIA GAS OF VIRGINIA, INC.   **CASE NO. PUE980287**

For a general rate increase

HEARING EXAMINER'S RULING

March 30, 1999

On May 15, 1998, Columbia Gas of Virginia, Inc. ("Columbia Gas" or "the Company") filed an application for authority to increase its rates and charges for gas service and to revise its tariff. The proposed rates and charges will produce additional annual revenues of $5,262,273 over rates and charges which took effect under bond on October 18, 1997, in Case No. PUE970455. On June 10, 1998, the Commission entered an Order Suspending Rates and Setting Hearing in which it directed the Company to give notice, established a procedural schedule, assigned the matter to a Hearing Examiner, and scheduled the matter for public hearing on January 12, 1999. On October 13, 1998, the Company's proposed rates and charges in this case took effect, subject to refund.

On December 14, 1998, Columbia Gas filed a Motion for Extension of Time to File Rebuttal Testimony and Continuance, in which it asked that the procedural schedule of this case be delayed until the Commission issued its decision in Case No. PUE970455. Columbia Gas explained that many of the issues involved in this case would be decided by the Commission in Case No. PUE970455. Thus, delaying the remainder of the procedural schedule would permit the parties to streamline the issues in the current case. A Hearing Examiner's ruling dated December 15, 1998, generally continued the filing date for the Company's rebuttal testimony and the date for the evidentiary hearing.

On February 19, 1999, the Commission issued its final order in Case No. PUE970455. On the same day, in this proceeding, the Commission issued an order referring additional issues for consideration in this case. Specifically, the Commission directed Columbia Gas to study the cost effectiveness of converting its Metered Propane Service ("MPS") customers to natural gas service and to consider the impact of conversion on overall purchased gas costs as well as its non-gas requirements. In addition, the Commission directed consideration of continued recovery of the current subsidy for MPS. Consequently, the Hearing Examiner's ruling dated March 1, 1999, established a new procedural schedule, provided for the filing of additional testimony by the Company, Staff, and all interested parties, and scheduled the matter for hearing on June 9, 1999.

On March 29, 1999, Columbia Gas filed a Motion for Leave to Amend Application for General Rate Increase ("Motion"). In its Motion the Company now proposes to revise its firm rates for residential and small general service customers to recover most non-gas costs as fixed monthly charges rather than through volumetric charges. Columbia Gas claims that its proposed new rate structure will be revenue neutral by class and is necessary to promote retail natural gas

service unbundling and competition. The Company seeks to have its proposed new rate design become effective on January 1, 2000. Furthermore, Columbia Gas believes that the current procedural schedule will accommodate its proposed amendment to its application. The Company proposes to publish notice of its rate proposal once a week for four weeks beginning on April 12, 1999, and ending approximately 30 days prior to the June 9, 1999, evidentiary hearing.

After reviewing the Company's pleading, I find that interested parties and Staff should be given an opportunity to file a response to the Company's Motion. Accordingly,

IT IS DIRECTED that, on or before April 5, 1999, interested parties and Staff shall file with the Clerk of the Commission any response they may have to the Company's Motion, and shall serve one copy on the Company, Staff, and all other parties, as applicable.

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Alexander F. Skirpan, Jr.
Hearing Examiner